



Claire McCaskill

Missouri State Auditor

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June 2006

# Municipal Tax on Telecommunications Companies



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

June 2006

**The following report contains information on the municipal tax on telecommunications companies throughout Missouri.**

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State law requires the municipalities that charge a tax on a telecommunications company to report to the Department of Revenue (DOR) and the State Auditor's Office (SAO) on or before February 1, 2006, the total amount of tax revenue collected for the **previous fiscal year** of taxable gross receipts from telecommunications companies. Telecommunication companies are also required to provide the DOR and the SAO the amount of municipal business license tax paid to each Missouri municipality and an itemized list establishing their gross receipts in each municipality identified by the DOR as imposing a business license tax on a telecommunications company **for the last 4 quarters**.

The State Auditor's Office received information from 337 municipalities and 214 telecommunications companies as required by state law. Additional follow-up was required for many reports received as municipalities were not required to identify from which company telecommunication taxes were received.

- 274 municipalities reported fiscal year 2005 telecommunication tax revenue totaling \$36,919,972 which materially agreed with the taxes paid in calendar year 2005 as reported by telecommunications companies.
- 63 municipalities reporting fiscal year 2005 telecommunication tax revenue totaling \$20,418,478 could not be materially reconciled to \$17,292,542 reported taxes paid in calendar year 2005 by telecommunications companies. Lack of detail required to be reported by municipalities and many municipalities and telecommunications companies not replying to the request for information contributed to these differences.
- 199 municipalities did not report fiscal year 2005 revenue. Telecommunications companies reported paying \$232,150 to these municipalities.
- One municipality, Augusta, in St. Charles County reported \$0 revenues received while the telecommunications company reported \$3,720 paid in 2005. It was determined that since July 2003 the telecommunications company had been sending tax payments totaling approximately \$11,000 to Augusta, Arkansas.

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YELLOW SHEET

# MUNICIPAL TAX ON TELECOMMUNICATIONS COMPANIES

## TABLE OF CONTENTS

|   | <u>Page</u> |
|---|-------------|
| STATE AUDITOR'S REPORT .....  | 1-2         |
| EXECUTIVE SUMMARY .....   | 3-5         |
| OBJECTIVES, SCOPE AND METHODOLOGY .....   | 6-8         |
| APPENDIXES .....  | 9-27        |
| I. Listing of Municipalities Whose 2005 Fiscal Year Revenue Reported<br>Materially Agrees with the Taxes Paid as Reported by the<br>Telecommunication Companies in 2005 .....         | 10          |
| II. Listing of Municipalities Whose 2005 Fiscal Year Revenue Reported<br>Did Not Materially Agree with the Taxes Paid as Reported by the<br>Telecommunication Companies in 2005 ..... | 17          |
| III. Listing of Municipalities That Did Not Report Any<br>2005 Telecommunication Tax Revenue .....  | 19          |
| IV. Copy of Letter the Department of Revenue Sent Municipalities .....  | 25          |
| V. Copy of Letter the Department of Revenue Sent Telecommunications Companies .....   | 26          |

## STATE AUDITOR'S REPORT



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

Honorable Matt Blunt, Governor  
and  
Members of the General Assembly  
and  
Trish Vincent, Director  
Department of Revenue  
Jefferson City, MO 65102

We have audited the municipal revenue from telecommunications companies as required by Section 92.086.2(2), RSMo. The scope of this audit included, but was not necessarily limited to, the 2005 fiscal year of the municipalities levying the tax. The objective of this audit was to determine and report any inconsistency or dispute arising from the telecommunication tax revenue reported by municipalities and the telecommunication tax paid as reported by telecommunications companies.

Our methodology to accomplish this objective included obtaining and reviewing data from municipalities and telecommunications companies, contacting various personnel of the municipalities and telecommunications companies, and reviewing pertinent statutes.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The following Executive Summary and Objectives, Scope, and Methodology sections summarize the results of our audit of the municipal telecommunication tax.

Claire McCaskill  
State Auditor

April 10, 2006 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits: Thomas J. Kremer, CPA  
In-Charge Auditor: Becky Webb, CPA  
Audit Staff: Susan L. Fifer, CPA

## EXECUTIVE SUMMARY

## **EXECUTIVE SUMMARY**

### **Background**

House Bill No. 209, First Regular Session, 93rd General Assembly, includes section 92.086, RSMo which required the municipalities that charge a tax on a telecommunications company to report to the Department of Revenue (DOR) and the State Auditor's Office (SAO) on or before February 1, 2006, the total amount of tax revenue collected for the previous fiscal year of taxable gross receipts from telecommunications companies. This statute also required that the telecommunications companies in Missouri provide the DOR and the SAO on or before February 1, 2006, the amount of municipal business license tax paid to each Missouri municipality and an itemized list establishing their gross receipts in each municipality identified by the DOR as imposing a business license tax on a telecommunications companies for the last 4 quarters.

**Note: Timing differences have resulted from the two different required reporting time frames and have created inconsistency or disputes.**

In addition, section 92.086, RSMo required that any inconsistency or dispute arising from the information provided by the municipalities and telecommunications companies shall be resolved through an audit performed by the SAO. Since there were two separate time periods for reporting by the municipalities and the telecommunications companies, we established criteria to determine whether the differing amounts materially agreed. The amounts reported by the municipalities and the telecommunications companies were considered to materially agree if the difference reported was less than 10 percent, the total difference was less than \$1,000, or a determined timing difference was identified due to the different reporting time periods required for reporting purposes.

### **Compliance with Submitting Telecommunication Tax Reports**

The DOR as required by section 92.086, RSMo identified 431 municipalities based on their reporting to the DOR an ordinance supporting the municipality's taxing authority. The DOR sent a letter to these municipalities requesting the required data, (see Appendix IV). This number was increased by 105 municipalities when telecommunications companies reported paying a telecommunication tax to a municipality that was not identified on the DOR's list.

The DOR sent a letter to 598 telecommunications companies requesting the required data, (see Appendix V). The DOR determined 225 of these companies that were mailed letters were not subject to the telecommunications tax, leaving a total of 373 companies that may be subject to the telecommunications tax.

The State Auditor received information from 337 municipalities and 214 telecommunications companies as required by section 92.086, RSMo.

Table 1.1 lists the total number of telecommunications tax reports submitted to the State Auditor for 2005 by the municipalities identified as charging this tax and the telecommunications companies identified as paying this tax.

**Table 1.1: Summary of Telecommunication Reports Submitted By Date**

| <b>Reporting Status</b> | <b>FY 2005 Data from Municipalities</b> |      | <b>Reporting Status</b> | <b>CY 2005 Data from Companies</b> |      |
|-------------------------|---|------|-------------------------|------------------------------------|------|
| By February 1           | 230                                     | 43%  | By February 1           | 164                                | 44%  |
| After February 1        | 107                                     | 20%  | After February 1        | 50                                 | 13%  |
| Total Reported          | 337                                     | 63%  | Total Reported          | 214                                | 57%  |
| Did Not Report          | 199                                     | 37%  | Did Not Report          | 159                                | 43%  |
| Total Reports Required  | 536                                     | 100% | Total Reports Required  | 373                                | 100% |

Source: Information submitted by municipalities and telecommunications companies

## Results

We requested subsequent information from some municipalities for the previous four quarters when differences were noted between the municipalities fiscal year reporting requirement and the telecommunications companies reporting requirement of the previous four quarters. When this subsequent information materially agreed with the information received from the telecommunications companies, we determined the difference was due to timing. Additional follow-up was required for many reports received as municipalities were not required to identify from which company telecommunication taxes were received.

- There were 274 municipalities whose reported fiscal year 2005 telecommunication tax revenue totaling \$36,919,972 materially agreed with the taxes paid in calendar year 2005 as reported by telecommunications companies, (see Appendix I).
- There were 63 municipalities whose fiscal year 2005 telecommunication tax revenue reported totaling \$20,418,478 could not be materially reconciled to the \$17,292,542 reported taxes paid in calendar year 2005 by telecommunications companies, (see Appendix II). Lack of detail required to be reported by municipalities and many municipalities and telecommunications companies not replying to the request for information contributed to these differences.
- There were 199 municipalities that did not report fiscal year 2005 revenue. Telecommunications companies reported paying \$232,150 to these municipalities, including 34 municipalities which telecommunications companies reported paying zero taxes (see Appendix III).
- One municipality, Augusta in St. Charles County reported \$0 revenues received while the telecommunications company reported \$3,720 paid in 2005. During our reconciliation process, it was determined that since July 2003 the telecommunications company had been sending tax payments totaling approximately \$11,000 to Augusta, Arkansas.



## OBJECTIVES, SCOPE AND METHODOLOGY

## **OBJECTIVES, SCOPE, AND METHODOLOGY**

### **Objectives**

The primary objective of this audit was to determine and report any inconsistency or dispute arising from the telecommunication tax revenue reported by municipalities and the telecommunication tax paid as reported by telecommunications companies.

### **Scope and Methodology**

To accomplish our objectives we:

- Met with the Department of Revenue (DOR) personnel who sent a letter to both municipalities and telecommunications companies reminding them of the statutory deadline for submission of the required telecommunication data to be sent to the DOR and the State Auditor's Office (SAO).
- Obtained copies from the DOR of the letters dated January 2006 sent to both municipalities and telecommunications companies, as well as a listing of the municipalities and telecommunications companies that were sent letters, (see Appendixes IV and V).
- Compiled data to compare revenue received by municipalities with the tax paid by telecommunications companies for the municipalities' fiscal year.
- Worked with the DOR to ensure information from municipalities and telecommunications companies had been submitted to both the SAO and the DOR.
- Contacted specific municipalities and telecommunications companies to follow-up on information that was reported and requested data if none was provided.

### **Limitations**

Limitations to auditing the telecommunication tax revenues included the following:

- The data required to be submitted by the municipalities and telecommunications companies were for two separate reporting periods. Municipalities were required to report based on 2005 fiscal year, and the telecommunications companies were required to report based on the 2005 calendar year. Some disparity may result due to the different methods and time periods used by the various municipalities and telecommunications companies of presenting essentially the same information.
- The data presented in the appendixes were gathered from information submitted by the various municipalities and telecommunications companies and were not verified by us via additional auditing procedures.

- The SAO did not audit the gross receipts information submitted by telecommunications companies. DOR personnel stated they were reviewing the gross receipts information submitted on a test basis against their computer system used for sales taxes.
- Many municipalities only reported an amount but had no detail that could be verified with any company(ies) paying the telecommunication tax.
- This report included information received from municipalities and telecommunications companies only through April 10, 2006.

## APPENDIXES

# APPENDIX I

## Listing of Municipalities Whose 2005 Fiscal Year Revenue Reported Materially Agrees with the Taxes Paid as Reported by Telecommunication Companies in 2005

| County         | Municipalities | Municipal<br>Revenue<br>Reported |        |
|----------------|----------------|----------------------------------|--------|
| Adair          | Kirksville     | \$ 135,194                       | *      |
| Andrew         | Savannah       | 16,755                           |        |
| Atchison       | Fairfax        | 3,686                            |        |
|                | Rock Port      | 5,680                            |        |
|                | Tarkio         | 3,489                            |        |
| Audrain        | Ladonia        | 2,055                            | *      |
|                | Mexico         | 149,839                          |        |
|                | Vandalia       | 12,853                           | *      |
| Barton         | Golden City    | 1,785                            |        |
|                | Lamar          | 22,303                           |        |
|                | Butler         | 30,035                           |        |
| Benton         | Cole Camp      | 3,148                            | *      |
|                | Lincoln        | 2,415                            | *      |
|                | Warsaw         | 10,784                           | *      |
| Boone          | Ashland        | 16,875                           |        |
|                | Centralia      | 24,380                           |        |
|                | Columbia       | 1,158,894                        |        |
|                | Hallsville     | 4,511                            |        |
|                | Sturgeon       | 7,180                            |        |
| Buchanan       | St. Joseph     | 552,126                          |        |
| Butler         | Quilin         | 2,809                            |        |
|                | Poplar Bluff   | 199,395                          | *      |
| Caldwell       | Braymer        | 2,620                            | *      |
|                | Breckenridge   | 2,498                            |        |
| Callaway       | Fulton         | 147,232                          |        |
|                | Holts Summit   | 16,716                           |        |
| Camden         | Camdenton      | 4,332                            | **     |
|                | Osage Beach    | 66,159                           |        |
| Cape Girardeau | Jackson        | 95,076                           |        |
| Carroll        | Carrollton     | 35,089                           |        |
|                | Norborne       | 3,362                            |        |
| Cass           | Creighton      | 1,842                            |        |
|                | Harrisonville  | 170,593                          |        |
|                | Lake Winnebago | 10,301                           | *      |
|                | Peculiar       | 38,470                           | *      |
|                | Pleasant Hill  | 60,645                           | *      |
|                | Raymore        | 178,567                          |        |
| Chariton       | Keytesville    | 1,669                            |        |
|                | Salisbury      | 9,486                            |        |
| Christian      | Billings       | 450                              | * & ** |

**Listing of Municipalities Whose 2005 Fiscal Year Revenue Reported Materially Agrees with  
the Taxes Paid as Reported by Telecommunication Companies in 2005**

| County    | Municipalities    | Municipal<br>Revenue<br>Reported |
|-----------|-------------------|----------------------------------|
| Clark     | Kahoka            | 8,863                            |
| Clay      | Excelsior Springs | 190,306                          |
|           | Holt              | 4,856                            |
|           | Kearney           | 33,196                           |
|           | Liberty           | 300,152                          |
|           | North Kansas City | 202,629                          |
| Clinton   | Cameron           | 19,514                           |
|           | Gower             | 5,042                            |
|           | Lathrop           | 22,626 *                         |
|           | Plattsburg        | 8,771                            |
| Cole      | Jefferson City    | 1,051,799 *                      |
|           | Russellville      | 937                              |
|           | Wardsville        | 2,319                            |
| Cooper    | Boonville         | 64,869                           |
| Crawford  | Cuba              | 249 **                           |
| Dade      | Greenfield        | 6,759                            |
| Dent      | Salem             | 37,790 *                         |
| Dunklin   | Campbell          | 12,880                           |
|           | Kennett           | 117,372 *                        |
|           | Malden City       | 53,469                           |
|           | Senath            | 13,528                           |
| Franklin  | Gerald            | 6,873                            |
|           | Pacific           | 146,136                          |
|           | Union             | 115,018                          |
|           | Washington        | 169,061 *                        |
| Gasconade | Rosebud           | 1,006                            |
| Gentry    | King City         | 6,106                            |
| Greene    | Ash Grove         | 14,848                           |
|           | Republic          | 48,981                           |
| Grundy    | Laredo            | 1,732 *                          |
|           | Trenton           | 51,807                           |
| Henry     | Calhoun           | 620 *                            |
|           | Clinton           | 69,026                           |
|           | Deepwater         | 206 *                            |
|           | Montrose          | 2,166 *                          |
|           | Urich             | 716                              |
| Holt      | Craig             | 2,356                            |
|           | Mound City        | 3,674                            |
| Howard    | Fayette           | 22,501 *                         |
|           | Glasgow           | 8,966                            |

# APPENDIX I

## Listing of Municipalities Whose 2005 Fiscal Year Revenue Reported Materially Agrees with the Taxes Paid as Reported by Telecommunication Companies in 2005

| County    | Municipalities | Municipal<br>Revenue<br>Reported |   |
|-----------|----------------|----------------------------------|---|
| Howell    | West Plains    | 134,850                          | * |
|           | Willow Springs | 21,456                           | * |
| Iron      | Ironton        | 10,186                           |   |
| Jackson   | Blue Springs   | 585,476                          | * |
|           | Buckner        | 44,414                           | * |
|           | Grain Valley   | 76,943                           | * |
|           | Independence   | 2,345,393                        |   |
|           | Kansas City    | 9,255,083                        | * |
|           | Lake Lotawana  | 26,587                           |   |
|           | Oak Grove      | 56,336                           | * |
|           | Raytown        | 369,439                          |   |
|           | Sugar Creek    | 85,011                           |   |
|           | Lee's Summit   | 1,143,088                        |   |
| Jasper    | Carl Junction  | 34,122                           |   |
|           | Carthage       | 109,999                          | * |
|           | Duenweg        | 500                              |   |
|           | Oronogo        | 8,390                            |   |
|           | Webb City      | 66,382                           |   |
|           | Joplin         | 455,082                          |   |
| Jefferson | Arnold         | 333,511                          | * |
|           | De Soto        | 96,069                           |   |
|           | Festus         | 124,409                          | * |
|           | Herculaneum    | 27,279                           | * |
|           | Pevely         | 19,778                           |   |
|           | Byrnes Mill    | 12,182                           |   |
| Johnson   | Centerview     | 2,286                            |   |
|           | Chilhowee      | 1,715                            | * |
|           | Kingsville     | 5,154                            | * |
|           | Knob Noster    | 17,194                           |   |
|           | Warrensburg    | 114,918                          |   |
| Knox      | Edina          | 10,298                           |   |
| Laclede   | Lebanon        | 96,885                           |   |
| Lafayette | Bates City     | 7,083                            | * |
|           | Concordia      | 9,214                            |   |
|           | Corder         | 1,960                            |   |
|           | Higginsville   | 31,589                           | * |
|           | Lexington      | 19,230                           |   |
|           | Odessa         | 38,538                           | * |
| Lawrence  | Aurora         | 25,242                           |   |
| Lewis     | Canton         | 6,019                            | * |

**Listing of Municipalities Whose 2005 Fiscal Year Revenue Reported Materially Agrees with  
the Taxes Paid as Reported by Telecommunication Companies in 2005**

| County      | Municipalities  | Municipal<br>Revenue<br>Reported |
|-------------|-----------------|----------------------------------|
|             | LaGrange        | 5,852                            |
| Lincoln     | Elsberry        | 15,944 *                         |
|             | Foley           | 3,758                            |
|             | Hawk Point      | 16,521 *                         |
|             | Troy            | 43,130 *                         |
|             | Winfield        | 18,922 *                         |
| Linn        | Brookfield      | 21,729 *                         |
|             | Laclede         | 1,518                            |
|             | Marceline       | 19,682 *                         |
|             | Meadville       | 2,042                            |
| Livingston  | Chillicothe     | 53,946                           |
| Madison     | La Plata        | 4,196                            |
| Maries      | Vienna          | 8,205                            |
| Marion      | Hannibal        | 154,204                          |
|             | Palmyra         | 12,566                           |
| Miller      | Eldon           | 60,579                           |
|             | Iberia          | 4,989 *                          |
| Mississippi | Anniston        | 862                              |
|             | Bertrand        | 2,643                            |
|             | Charleston      | 35,020                           |
|             | East Prairie    | 22,343 *                         |
|             | Wyatt           | 2,467                            |
| Moniteau    | California      | 11,369 *                         |
|             | Tipton          | 12,040                           |
| Monroe      | Paris           | 2,357                            |
|             | Monroe City     | 3,933                            |
| Montgomery  | Middletown      | 812                              |
|             | Montgomery City | 24,637                           |
|             | Wellsville      | 11,925 *                         |
| New Madrid  | Canalou         | 1,263 *                          |
|             | Gideon          | 7,179                            |
|             | Lilbourn        | 7,890 *                          |
|             | Marston         | 6,379                            |
|             | Matthews        | 4,771                            |
|             | Morehouse       | 5,966                            |
|             | New Madrid      | 24,878                           |
|             | Portageville    | 25,976                           |
| Newton      | Fairview        | 1,760                            |
|             | Neosho          | 99,135 *                         |
| Nodaway     | Hopkins         | 3,914                            |



# APPENDIX I

## Listing of Municipalities Whose 2005 Fiscal Year Revenue Reported Materially Agrees with the Taxes Paid as Reported by Telecommunication Companies in 2005

| County      | Municipalities    | Municipal<br>Revenue<br>Reported |
|-------------|-------------------|----------------------------------|
|             | Maryville         | 69,648                           |
|             | Pickering         | 3,937                            |
| Oregon      | Thayer            | 4,521                            |
| Osage       | Chamois           | 1,440                            |
|             | Meta              | 289 **                           |
| Pemiscot    | Caruthersville    | 50,932 *                         |
|             | Hayti             | 30,719                           |
|             | Steele            | 6,000                            |
| Perry       | Perryville        | 82,372                           |
| Pettis      | Houstonia         | 845 *                            |
|             | Sedalia           | 236,743                          |
| Phelps      | Rolla             | 118,212                          |
| Pike        | Bowling Green     | 30,526 *                         |
|             | Clarksville       | 4,538                            |
|             | Curryville        | 1,452                            |
|             | Frankford         | 2,301                            |
|             | Louisiana         | 37,967                           |
| Platte      | Ferrelview        | 3,542                            |
|             | Platte City       | 48,851                           |
|             | Platte Woods      | 5,783 *                          |
|             | Tracy             | 4,302                            |
|             | Weatherby Lake    | 36,099                           |
|             | Lake Waukomis     | 8,519                            |
|             | Parkville         | 53,757 *                         |
|             | Houston Lake      | 2,339 *                          |
| Pulaski     | St. Robert        | 38,583                           |
|             | Waynesville       | 29,511 *                         |
| Randolph    | Higbee            | 3,904                            |
|             | Moberly           | 233,990                          |
| Ray         | Lawson            | 6,718 *                          |
|             | Orrick            | 9,556                            |
|             | Richmond          | 61,021                           |
|             | Homestead Village | 808 *                            |
|             | Crystal Lakes     | 2,875                            |
| Reynolds    | Ellington         | 9,034                            |
| St. Charles | Lake St. Louis    | 130,034                          |
|             | O'Fallon          | 502,669                          |
|             | Wentzville        | 237,839                          |
| St. Clair   | Appleton City     | 7,378                            |
|             | Osceola           | 1,057 *                          |

**Listing of Municipalities Whose 2005 Fiscal Year Revenue Reported Materially Agrees with  
the Taxes Paid as Reported by Telecommunication Companies in 2005**

| County         | Municipalities     | Municipal<br>Revenue<br>Reported |
|----------------|--------------------|----------------------------------|
| St. Francois   | Bonne Terre        | 36,323                           |
|                | Desloge            | 37,766                           |
|                | Farmington         | 129,714 *                        |
|                | Leadington         | 6,429                            |
|                | Leadwood           | 9,113                            |
|                | Iron Mountain Lake | 2,967                            |
|                | Park Hills         | 69,804                           |
| Ste. Genevieve | Bloomsdale         | 4,276                            |
|                | St. Mary           | 3,473 *                          |
| St. Louis      | Ballwin            | 348,260                          |
|                | Beverly Hills      | 13,716 *                         |
|                | Bridgeton          | 251,152                          |
|                | Charlack           | 22,012                           |
|                | Clayton            | 1,519,031                        |
|                | Cool Valley        | 14,140                           |
|                | Country Club Hills | 17,252                           |
|                | Creve Coeur        | 618,037                          |
|                | Dellwood           | 57,627 *                         |
|                | Des Peres          | 144,478                          |
|                | Edmundson          | 12,894                           |
|                | Ellisville         | 228,249                          |
|                | Flordell Hills     | 6,260                            |
|                | Florissant         | 457,001                          |
|                | Glendale           | 70,174                           |
|                | Jennings           | 198,329                          |
|                | Ladue              | 221,059                          |
|                | Lakeshire          | 9,497                            |
|                | Manchester         | 208,544 *                        |
|                | Maplewood          | 255,057                          |
|                | Moline Acres       | 23,400 *                         |
|                | Northwoods         | 94,935 **                        |
|                | Pasadena Hills     | 9,307                            |
|                | Richmond Heights   | 183,687                          |
|                | Rock Hill          | 93,743                           |
|                | St. Ann            | 98,165                           |
|                | St. John           | 60,750                           |
|                | Shrewsbury         | 105,197                          |
|                | Sunset Hills       | 210,169                          |
|                | Town and Country   | 550,054                          |
|                | University City    | 661,196                          |

# APPENDIX I

## Listing of Municipalities Whose 2005 Fiscal Year Revenue Reported Materially Agrees with the Taxes Paid as Reported by Telecommunication Companies in 2005

| County     | Municipalities      | Municipal<br>Revenue<br>Reported |
|------------|---------------------|----------------------------------|
|            | Velda City          | 11,475                           |
|            | Velda Village Hills | 487                              |
|            | Warson Woods        | 35,947                           |
|            | Webster Groves      | 334,138 *                        |
|            | Wellston            | 25,927 *                         |
|            | Woodson Terrace     | 37,427                           |
|            | Chesterfield        | 768,786                          |
|            | Green Park          | 50,453                           |
|            | Wildwood            | 330,427                          |
|            | St. Louis County    | 2,808,275 *                      |
| Saline     | Blackburn           | 1,064                            |
|            | Grand Pass          | 108 *                            |
|            | Marshall            | 130,475                          |
|            | Slater              | 13,517                           |
|            | Sweet Springs       | 6,116                            |
| Schuyler   | Lancaster           | 1,958 *                          |
| Scott      | Chaffee             | 20,266                           |
|            | Scott City          | 15,577 *                         |
|            | Sikeston            | 153,476 *                        |
| Shelby     | Shelbina            | 6,996                            |
| Stoddard   | Advance             | 3,738                            |
|            | Bell City           | 56                               |
|            | Dexter              | 78,733 *                         |
|            | Essex               | 518                              |
| Taney      | Forsyth             | 25 **                            |
| Texas      | Cabool              | 20,083 *                         |
|            | Houston             | 10,975                           |
| Vernon     | Bronaugh            | 579                              |
|            | Nevada              | 101,624                          |
| Warren     | Marthasville        | 9,346 *                          |
| Washington | Potosi              | 14,626 *                         |
| Wayne      | Piedmont            | 15,187 *                         |
| Webster    | Marshfield          | 71,120                           |
| Wright     | Mountain Grove      | 19,004                           |
|            | TOTAL               | \$ <u>36,919,972</u>             |

\* - Received information from the municipality after the statutory February 1, 2006 deadline.

\*\* - Municipality charges an annual fee that will not be collected by the Department of Revenue.

**NOTE:** These amounts were considered to materially agree if the difference reported was less than 10%, the total difference was less than \$1,000, or there was a timing difference due to the different reporting time periods required for reporting purposes.

# APPENDIX II

## Listing of Municipalities Whose 2005 Fiscal Year Revenue Reported Did Not Materially Agree with the Taxes Paid as Reported by Telecommunication Companies in 2005

| County         | Municipalities          | Municipal<br>Revenue<br>Reported | Telecommunication<br>Companies<br>Total Tax Paid |          |
|----------------|-------------------------|----------------------------------|--|----------|
| Barry          | Monett                  | \$ 85,527                        | 74,447   |          |
| Bates          | Adrian                  | 1,109                            | 524  |          |
| Benton         | Ionia                   | 467                              | 382  |          |
| Bollinger      | Marble Hill             | 10,445                           | 7,492  |          |
| Cape Girardeau | Cape Girardeau          | 29,067                           | 106  | ** & *** |
| Cass           | Belton                  | 272,311                          | 229,383  |          |
|                | Strasburg               | 0                                | 1,744  |          |
| Cedar          | El Dorado Springs       | 16,295                           | 16,299   | * & **   |
| Clay           | Gladstone               | 409,415                          | 470,946  |          |
|                | Pleasant Valley         | 14,513                           | 26,889   | **       |
|                | Smithville              | 64,460                           | 58,386   | * & **   |
| Cole           | Lohman                  | 1,360                            | 1,352  | *        |
| Franklin       | New Haven               | 9,676                            | 9,677  | * & **   |
|                | St. Clair               | 145,909                          | 125,430  | **       |
| Greene         | Springfield             | 2,249,590                        | 1,969,911  | **       |
| Holt           | Big Lake                | 2,555                            | 2,281  | **       |
| Iron           | Arcadia                 | 3,581                            | 3,610  | * & **   |
| Jackson        | Grandview               | 348,382                          | 284,879  | **       |
|                | Lone Jack               | 7,323                            | 6,402  |          |
| Jasper         | Cartersville            | 188                              | 135  |          |
| Jefferson      | Crystal City            | 80,367                           | 77,810   | * & **   |
|                | Hillsboro               | 63,147                           | 46,570   |          |
| Johnson        | Holden                  | 16,593                           | 16,595   | * & **   |
| Macon          | Macon                   | 32,854                           | 81,299   |          |
|                | Lake Ozark              | 38,294                           | 30,667   | **       |
| New Madrid     | Risco                   | 775                              | 1,306  | **       |
| Osage          | Linn                    | 14,201                           | 13,187   | **       |
| Pettis         | Smithton                | 2,284                            | 2,006  |          |
| Phelps         | Doolittle               | 2,794                            | 2,481  | **       |
| Platte         | Camden Point            | 4,695                            | 3,699  | **       |
|                | Riverside               | 166,924                          | 56,431   |          |
|                | Weston                  | 16,725                           | 23,781   |          |
| Pulaski        | Crocker                 | 4,708                            | 9,392  | **       |
| St. Charles    | Augusta                 | 0                                | 3,720  | ****     |
|                | St. Charles             | 1,134,493                        | 960,244  | **       |
| Ste. Genevieve | Ste. Genevieve          | 17,000                           | 5,572  | ** & *** |
| St. Louis      | Bella Villa             | 2,426                            | 4,789  |          |
|                | Bellefontaine Neighbors | 62,670                           | 84,033   |          |
|                | Berkeley                | 182,034                          | 151,805  | **       |

**Listing of Municipalities Whose 2005 Fiscal Year Revenue Reported Did Not Materially Agree  
with the Taxes Paid as Reported by Telecommunication Companies in 2005**

| County         | Municipalities     | Municipal<br>Revenue<br>Reported | Telecommunication<br>Companies<br>Total Tax Paid |        |
|----------------|--------------------|----------------------------------|--|--------|
|                | Breckenridge Hills | 15,643                           | 12,709   | **     |
|                | Brentwood          | 178,216                          | 155,514  |        |
|                | Crestwood          | 193,413                          | 166,146  |        |
|                | Eureka             | 120,340                          | 105,780  |        |
|                | Fenton             | 185,284                          | 147,547  |        |
|                | Ferguson           | 257,330                          | 229,261  |        |
|                | Frontenac          | 59,712                           | 49,179   |        |
|                | Greendale          | 64,966                           | 5,975  |        |
|                | Hazelwood          | 245,505                          | 215,701  |        |
|                | Kinloch            | 3,021                            | 4,448  | **     |
|                | Kirkwood           | 642,496                          | 515,623  |        |
|                | Normandy           | 91,011                           | 69,307   |        |
|                | Oakland            | 965                              | 6,639  |        |
|                | Olivette           | 426,894                          | 347,311  |        |
|                | Overland           | 230,079                          | 205,861  |        |
|                | Pagedale           | 58,778                           | 51,672   |        |
|                | Valley Park        | 76,458                           | 67,952   | **     |
|                | Vinita Park        | 27,765                           | 22,528   |        |
|                | Winchester         | 28,170                           | 19,624   |        |
|                | Maryland Heights   | 730,815                          | 644,813  |        |
| Scott          | Oran               | 8,156                            | 8,162  | * & ** |
| Stoddard       | Bloomfield         | 20,695                           | 14,361   | **     |
| Stone          | Crane              | 0                                | 75   | **     |
| St. Louis City | St. Louis City     | 11,237,606                       | 9,360,693  |        |
|                | TOTALS             | \$ 20,418,478                    | 17,292,542                                       |        |

**Legend:**

- \* Municipality reported calendar or another fiscal year instead of the required fiscal year 2005.
- \*\* Municipality reported information after the statutory February 1, 2006 deadline.
- \*\*\* Municipality charges an annual fee that will not be collected by the Department of Revenue.
- \*\*\*\* The telecommunications company that provides service to the Augusta mistakenly paid the telecommunication tax to Augusta, Arkansas instead of Augusta, Missouri.

**NOTE:** These amounts were not considered to materially agree if the difference reported was greater than 10% or the total difference was greater than \$1,000.

**Listing of Municipalities That Did Not Report Any 2005 Telecommunication Tax Revenue**

| County    | Municipalities | Telecommunication<br>Companies |         |
|-----------|----------------|--------------------------------|---------|
|           |                | Total Tax Paid                 |         |
| Audrain   | Martinsburg    | \$                             | 1,699   |
|           | Farber         |                                | 1 *     |
| Barry     | Cassville      |                                | 39      |
|           | Purdy          |                                | 8       |
|           | Wheaton        |                                | 10      |
| Bates     | Hume           |                                | 1,110   |
|           | Foster         |                                | 290     |
|           | Rich Hill      |                                | 1       |
| Butler    | Fisk           |                                | 47 *    |
| Caldwell  | Cowgill        |                                | 1,126 * |
|           | Hamilton       |                                | 8       |
|           | Polo           |                                | 3,317   |
| Camden    | Camden County  |                                | 201     |
| Carter    | Van Buren      |                                | 1,184   |
| Cass      | Archie         |                                | 34 *    |
|           | Freeman        |                                | 1,000 * |
|           | Baldwin Park   |                                | 719     |
|           | Cass County    |                                | 50      |
|           | Cedar County   |                                | 25      |
| Chariton  | Brunswick      |                                | 3,544   |
|           | Sumner         |                                | 708     |
| Christian | Nixa           |                                | 5       |
|           | Ozark          |                                | 5       |
| Clark     | Wayland        |                                | 1,376   |
| Cole      | Centertown     |                                | 1,936   |
| Cooper    | Otterville     |                                | 966     |
|           | Pilot Grove    |                                | 51      |
| Crawford  | Bourbon        |                                | 152 *   |
|           | Leasburg       |                                | 52      |
| Dade      | Lockwood       |                                | 1 *     |
| Dallas    | Buffalo        |                                | 35      |
|           | Urbana         |                                | 2       |
| De Kalb   | Weatherby      |                                | 1       |
| Dent      | Boss           |                                | 2       |
| Dunklin   | Cardwell       |                                | 1,792   |
|           | Clarkton       |                                | 66 *    |
|           | Holcomb        |                                | 1,911   |
|           | Hornersville   |                                | 77 *    |

## Listing of Municipalities That Did Not Report Any 2005 Telecommunication Tax Revenue

| County    | Municipalities | Telecommunication<br>Companies |
|-----------|----------------|--------------------------------|
|           |                | Total Tax Paid                 |
|           | Arbyd          | 1 *                            |
| Franklin  | Sullivan       | 1                              |
|           | Gray Summit    | 1                              |
|           | Stanton        | 1                              |
| Gasconade | Bland          | 28                             |
|           | Hermann        | 9                              |
| Greene    | Strafford      | 22                             |
|           | Willard        | 2 *                            |
|           | Walnut Grove   | 1 *                            |
| Harrison  | New Hampton    | 6                              |
| Henry     | Blairstown     | 169                            |
|           | Windsor        | 5,438                          |
| Holt      | Forest City    | 442                            |
|           | Corning        | 1 *                            |
| Howard    | Franklin       | 195                            |
|           | Armstrong      | 1 *                            |
|           | New Franklin   | 1                              |
| Jackson   | Lake Tapawingo | 5,762                          |
|           | Sibley         | 4,899                          |
|           | Jackson County | 4                              |
| Jasper    | Alba           | 8                              |
|           | Jasper         | 16 *                           |
|           | Sarcoxie       | 31 *                           |
|           | Jasper County  | 707                            |
| Jefferson | House Springs  | 2                              |
|           | Imperial       | 15                             |
|           | High Ridge     | 88                             |
|           | Kimmswick      | 1 *                            |
|           | Oakville       | 5                              |
|           | Dittmer        | 5                              |
|           | Barnhart       | 12                             |
| Johnson   | Leeton         | 2,454                          |
| Knox      | Hurdland       | 234                            |
| Laclede   | Laclede County | 125                            |
| Lafayette | Waverly        | 1,784                          |
|           | Wellington     | 5,869                          |
|           | Dover          | 1 *                            |
| Lawrence  | Miller         | 25                             |

**Listing of Municipalities That Did Not Report Any 2005 Telecommunication Tax Revenue**

| County     | Municipalities | Telecommunication<br>Companies |
|------------|----------------|--------------------------------|
|            |                | Total Tax Paid                 |
| Lewis      | Mount Vernon   | 5                              |
|            | Pierce City    | 7,635                          |
|            | Ewing          | 2,428                          |
|            | La Belle       | 3,983                          |
|            | Lewistown      | 2,571                          |
| Lincoln    | Lewis County   | 3,178                          |
|            | Moscow Mills   | 1                              |
|            | Silex          | 409                            |
| Livingston | Lincoln County | 1                              |
|            | Wheeling       | 11                             |
| Madison    | Fredericktown  | 224 *                          |
| Maries     | Belle          | 290 *                          |
| Miller     | Brinktown      | 7                              |
|            | Lakeside       | 7                              |
|            | St. Elizabeth  | 17                             |
| Moniteau   | Jamestown      | 18                             |
| Montgomery | Bellflower     | 1,636                          |
|            | New Florence   | 1,971                          |
| Morgan     | Stover         | 2,738                          |
|            | Syracuse       | 816                            |
|            | Versailles     | 92 *                           |
|            | Rocky Mount    | 10                             |
| New Madrid | Howardville    | 1,755                          |
|            | Parma          | 388                            |
|            | Tallapoosa     | 863                            |
| Newton     | Diamond        | 7,578                          |
|            | Granby         | 17,429                         |
|            | Seneca         | 562                            |
|            | Stark City     | 4                              |
|            | Stella         | 8                              |
| Nodaway    | Newton County  | 23,480                         |
|            | Clearmont      | 39                             |
|            | Skidmore       | 1                              |
| Oregon     | Alton          | 1 *                            |
| Osage      | Westphalia     | 1 *                            |
| Ozark      | Gainesville    | 264                            |
|            | Dora           | 3                              |
| Pemiscot   | Hayti Heights  | 3,414                          |



## Listing of Municipalities That Did Not Report Any 2005 Telecommunication Tax Revenue

| County      | Municipalities     | Telecommunication<br>Companies |
|-------------|--------------------|--------------------------------|
|             |                    | Total Tax Paid                 |
| Perry       | Holland            | 100                            |
|             | Wardell            | 944                            |
|             | Altenburg          | 41 *                           |
|             | Frohna             | 151 *                          |
| Pettis      | Green Ridge        | 962                            |
|             | Hughesville        | 2                              |
| Phelps      | La Monte           | 4,547                          |
|             | Newburg            | 2,196                          |
|             | St. James          | 23                             |
|             | Edgar Springs      | 1                              |
| Pike        | Eolia              | 1,438                          |
| Platte      | Dearborn           | 5,058                          |
|             | Edgerton           | 4,773                          |
|             | Iatan              | 80                             |
|             | Northmoor          | 9 *                            |
| Polk        | Aldrich            | 1                              |
|             | Bolivar            | 206                            |
|             | Humansville        | 19                             |
|             | Morrisville        | 3                              |
|             | Flemington         | 3                              |
|             | Brighton           | 40                             |
|             | Polk County        | 3                              |
| Pulaski     | Dixon              | 2                              |
|             | Richland           | 78                             |
| Ralls       | New London         | 1 *                            |
|             | Ralls County       | 1                              |
|             | Center             | 1 *                            |
| Randolph    | Cairo              | 16                             |
| Ray         | Hardin             | 864                            |
|             | Henrietta          | 744                            |
|             | Excelsior Estates  | 967                            |
|             | Camden             | 1 *                            |
|             | Ray County         | 5                              |
| St. Charles | St. Peters         | 86                             |
|             | Foristell          | 25                             |
|             | Defiance           | 4                              |
|             | St. Charles County | 2,403                          |
|             | Portage Des Sioux  | 1                              |

## Listing of Municipalities That Did Not Report Any 2005 Telecommunication Tax Revenue

| County       | Municipalities    | Telecommunication<br>Companies |
|--------------|-------------------|--------------------------------|
|              |                   | Total Tax Paid                 |
| St. Francois | Bismark           | 29 *                           |
| St. Louis    | Calverton Park    | 210                            |
|              | Clarkson Valley   | 33                             |
|              | Crystal Lake Park | 3,507                          |
|              | Pine Lawn         | 39,004                         |
|              | Afton             | 31                             |
|              | Lemay             | 9                              |
|              | Queen City        | 1,822                          |
| Schuyler     | Downing           | 1 *                            |
|              | Benton            | 642 *                          |
| Scott        | Kelso             | 18 *                           |
|              | Morley            | 136 *                          |
| Shannon      | Birch Tree        | 1                              |
|              | Winona            | 32                             |
| Shelby       | Bethel            | 22                             |
|              | Shelbyville       | 1,886                          |
| Stoddard     | Bernie            | 425                            |
|              | Puxico            | 7,674                          |
| Stone        | Blue Eye          | 1                              |
|              | Lampe             | 1                              |
|              | Stone County      | 25                             |
| Sullivan     | Sullivan County   | 50                             |
| Taney        | Branson           | 453                            |
|              | Rockaway Beach    | 20                             |
| Vernon       | Harwood           | 2                              |
|              | Milo              | 371                            |
|              | Walker            | 1,311                          |
|              | Metz              | 1                              |
|              | Richards          | 1                              |
|              | Warrenton         | 37                             |
| Webster      | Seymour           | 12,633                         |
|              | Webster County    | 50                             |
| Unknown      | West Salem        | 1                              |
|              | West Sullivan     | 1                              |
|              | Cedar City        | 1                              |
|              | Astoria           | 5                              |
|              | Chelsea           | 25                             |
|              | Cockeysville      | 68                             |

**Listing of Municipalities That Did Not Report Any 2005 Telecommunication Tax Revenue**

| County | Municipalities | Telecommunication<br>Companies |
|--------|----------------|--------------------------------|
|        |                | Total Tax Paid                 |
|        | Glencoe        | 12                             |
|        | Grover         | 23                             |
|        | Maxville       | 4                              |
|        | Sappington     | 11                             |
|        | Trohn          | 3                              |
|        | TOTALS         | \$ <u>232,150</u>              |

\* Municipality charges an annual fee that will not be collected by the Department of Revenue.

Note: This appendix lists the municipalities that either did not report or reported zero telecommunication tax revenues. It also includes the total reportedly paid to the municipality from telecommunications companies. These figures were not subject to additional auditing procedures to verify the accuracy of the companies' reports.

## APPENDIX IV

Taxation Bureau  
Post Office Box 2045  
Jefferson City, Missouri 65105-2045

Phone: (573) 751-5916 Fax: (573) 522-1160  
Email: [municipaltelecom@dor.mo.gov](mailto:municipaltelecom@dor.mo.gov)

Contact Name  
City of XX  
Address  
City, MO XXXXX

January 2006

RE: Municipal Telecommunications Business License Tax

Dear City Official:

On July 14, 2005, Governor Blunt signed into law House Bill 209. This bill authorizes the simplified municipal telecommunications business license tax. A business license tax is defined as any tax, fee, or charge assessed by a municipality on a telecommunications company for the privilege of doing business within such municipality. Effective July 1, 2006, any municipality may impose a business license tax on a telecommunications company for the privilege of doing business within its borders. The Missouri Department of Revenue (department) will collect, administer, and distribute the business license tax revenues.

Your municipality indicated to the department that you have imposed a business license tax on a telecommunications company prior to August 28, 2005. In order to properly administer this new tax, Section 92.086.2(2) requires each municipality having imposed such a tax to provide the department and State Auditor with the total amount of tax revenue collected from telecommunications companies for the previous fiscal year by February 1, 2006.

Please send this information to:

Department of Revenue  
Taxation Bureau  
PO Box 2045  
Jefferson City MO, 65105-2045

Office of the State Auditor  
Tax Rates Section  
PO Box 869  
Jefferson City MO, 65102-0869

Telephone: (573) 751-5916  
Fax: (573) 522-1160  
E-mail: [municipaltelecom@dor.mo.gov](mailto:municipaltelecom@dor.mo.gov)

Telephone: (573) 751-4213  
Fax: (573) 522-9743  
E-mail: [tax-rates@auditor.mo.gov](mailto:tax-rates@auditor.mo.gov)

You may also e-mail this information to the Department of Revenue and to the State Auditor at the above e-mail addresses.

If you have any questions, please feel free to contact us.

Sincerely,



Stan Farmer

Taxation Bureau  
Post Office Box 2045  
Jefferson City, Missouri 65105-2045

Phone: (573) 751-5916 Fax: (573) 522-1160  
Email: [municipaltelecom@dor.mo.gov](mailto:municipaltelecom@dor.mo.gov)

Business Name  
Address  
City,State Zip

January 2006

RE: Municipal Telecommunications Business License Tax

Dear Taxpayer:

On July 14, 2005, Governor Blunt signed into law House Bill 209. This bill authorizes the simplified municipal telecommunications business license tax. A business license tax is defined as any tax, fee or charge assessed by a municipality on a telecommunications company for the privilege of doing business within such municipality. Effective July 1, 2006, any municipality may impose a business license tax on a telecommunications company doing business within its borders. Effective July 1, 2006, the Missouri Department of Revenue (department) will collect, administer and distribute the business license tax revenues.

In order to properly administer this new tax, Section 92.086.2(1) requires all telecommunications companies in Missouri to provide the following information to both the department and the State Auditor by February 1, 2006:

- The amount of municipal business license tax that you paid to each Missouri municipality for the previous four quarters; and
- An itemized list establishing your gross receipts for the previous four quarters for each category of gross receipts in each above municipality.

Attached is the sample format in which both agencies would like to receive the information. In addition, please provide your Missouri sales tax identification number to the department. This will help ensure the department properly updates your account to collect and remit the telecommunications business license tax and to properly notify you of the rates provided by municipalities prior to the July 1, 2006 effective date.

RE: Municipal Telecommunications Business License Tax  
January 2006  
Page 2

Please send this information to:

Department of Revenue  
Taxation Bureau  
PO Box 2045  
Jefferson City MO, 65105-2045

Telephone: (573) 751-5916  
Fax: (573) 522-1160  
E-mail: [municipaltelecom@dor.mo.gov](mailto:municipaltelecom@dor.mo.gov)

Office of the State Auditor  
Tax Rates Section  
PO Box 869  
Jefferson City MO, 65102-0869

Telephone: (573) 751-4213  
Fax: (573) 522-9743  
E-mail: [tax-rates@auditor.mo.gov](mailto:tax-rates@auditor.mo.gov)

You may also e-mail this information in an Excel spreadsheet to the Department of Revenue and to the State Auditor at the above e-mail addresses.

If you have any questions, please feel free to contact us.

Sincerely,



Stan Farmer